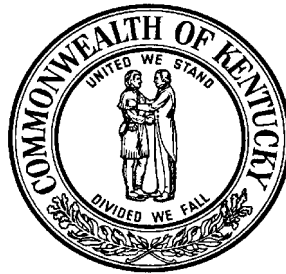


**REPORT OF THE AUDIT OF THE
BULLITT COUNTY
SHERIFF**

**For The Year Ended
December 31, 2001**



**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
www.kyauditor.net**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Kenneth Rigdon, Bullitt County Judge/Executive
Honorable Paul Parsley, Bullitt County Sheriff
Members of the Bullitt County Fiscal Court

The enclosed report prepared by Stephens & Lawson, PSC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Bullitt County, Kentucky, for the year ended December 31, 2001.

We engaged Stephens & Lawson, PSC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Stephens & Lawson, PSC, evaluated the Bullitt County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
BULLITT COUNTY SHERIFF**

Calendar Year 2001

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BULLITT COUNTY SHERIFF

Calendar Year 2001

The Bullitt County Sheriff's fee audit was contracted to Stephens & Lawson, PSC through a request for proposal (RFP). We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees decreased by \$32,823 from the prior calendar year, resulting in excess fees of \$294,487 as of December 31, 2001. Revenue increased by \$116,468 from the prior year and disbursements increased by \$149,291.

Deposits

The Sheriff's deposits were insured and collateralized by securities or bonds.

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To the People of Kentucky

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Independent Auditors' Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Bullitt County, Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2001, in conformity with the modified cash basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

Stephens & Lawson, P.S.C.

Stephens & Lawson, P.S.C.

Audit fieldwork completed -
September 26, 2002

BULLITT COUNTY
PAUL PARSLEY, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2001

Receipts

State Grants		\$	211,857
State Grants - KLEFP			97,938
State Fees For Services:			
Finance and Administration Cabinet			
Cabinet for Human Resources			12,921
Circuit Court Clerk -			
Fines and Fees Collected	\$	3,075	
Sheriff Security Services		<u>33,351</u>	36,426
Fiscal Court			375,757
County Clerk - Delinquent Taxes			6,187
Commission on Taxes Collected			758,340
Fees Collected For Services -			
Auto Inspections	\$	17,730	
Accident and Police Reports		1,553	
Transporting Prisoners		49,642	
Serving Papers		<u>84,299</u>	153,224
Other -			
Bond Refund	\$	1,202	
Carrying Concealed Deadly Weapon Permits		36,405	
Sheriff's Add-on Fee and 10% Penalty		<u>101,491</u>	139,098
Interest Earned - Tax Account			19,763
Borrowed Money:			
State Advancement			<u>195,000</u>
Total Receipts (Carried Forward)			\$ 2,006,511

The accompanying notes are an integral part of the Financial Statements.

BULLITT COUNTY
PAUL PARSLEY, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 2001
(Continued)

Total Receipts (Brought Forward)		<u>\$ 2,006,511</u>
Disbursements		
Operating Disbursements -		
Personnel Services -		
Deputies' Salaries	1,048,391	
Personnel Services -		
Employer's Share Social Security	74,098	
Employer's Share Hazardous Duty Retirement	3,032	
Employer Paid Health Insurance	56,499	
KLEFFP	13,658	
Contracted Services -		
Advertising	355	
Vehicle Maintenance and Repair	44,545	
Materials and Supplies-		
Office Materials and Supplies	25,792	
Uniforms	15,586	
Auto Expense-		
Gasoline	61,495	
Mileage	126	
Other Charges-		
Training	2,919	
School/Lodging	12,625	
Dues	130	
Postage	17,036	
Carrying Concealed Deadly Weapon Permits	22,475	
Bond	359	
Capital Outlay-		
Office Equipment	46,380	
Debt Service:		
State Advancement	<u>195,000</u>	
Total Disbursements		<u>\$ 1,640,501</u>

The accompanying notes are an integral part of the Financial Statements.

BULLITT COUNTY
PAUL PARSLEY, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 2001
(Continued)

Net Receipts	\$ 366,010
Less: Statutory Maximum	<u>71,523</u>
Excess Fees Due County for Calendar Year 2001 (Note 7)	<u>\$ 294,487</u>

The accompanying notes are an integral part of the Financial Statements.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principals generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of an accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

NOTE 2 - EMPLOYEE RETIREMENT SYSTEM

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

BULLITT COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2001
(Continued)

NOTE 3 - DEPOSITS

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66-480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bonds which named the Sheriff as beneficiary/obligee on the bonds.

NOTE 4 - PROJECT DARE BANK ACCOUNT

This bank account is used to pursue DARE activities with donations. The beginning balance on January 1, 2001 was \$2,575. Receipts for 2001 were \$374 and disbursements were \$574. The ending bank balance as of December 31, 2001 was \$2,375.

NOTE 5 - DRUG CONFISCATED PROPERTY BANK ACCOUNT

This bank account is used to deposit and disburse funds received pursuant to property confiscated during the course of drug enforcement. The beginning balance on January 1, 2001 was \$10,610 and interest for 2001 was \$243. Disbursements were \$7,590 and the ending bank balance on December 31, 2001 was \$3,262.

NOTE 6 - TAX ESCROW ACCOUNTS

A. 1999 Tax Account

The 1999 tax escrow account is used to deposit any unrefundable duplicate payments and unexplained receipts in an interest-bearing account. The beginning balance on December 31, 2000 was \$3,427 and receipts in calendar year 2001 earned interest of \$409. The ending balance as of December 31, 2001 was \$3,836.

B. 1998 Tax Account

The 1998 tax escrow account earned \$187 in interest in calendar year 2001. The ending balance as of December 31, 2001 was \$5,204.

C. 1997 Tax Account

The 1997 tax escrow account earned \$124 in interest in calendar year 2001. The ending balance as of December 31, 2001 was \$3,440.

NOTE 7 - SUBSEQUENT EVENT

The Bullitt county Sheriff paid excess fees of \$294,487 to the county treasurer on December 10, 2002.

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**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Kenneth Rigdon, Bullitt County Judge/Executive
Honorable Paul Parsley, Bullitt County Sheriff
Members of the Bullitt County Fiscal Court

Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of the Financial
Statement Performed in Accordance With Government Auditing Standards

We have audited the Bullitt County Sheriff as of December 31, 2001, and have issued our report thereon dated September 26, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Bullitt County Sheriff's financial statement as of December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bullitt County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully Submitted,

Stephens & Lawson, P.S.C.

Stephens & Lawson, P.S.C.

Audit fieldwork completed -
September 26, 2002